

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FPC-01 H-01 INR-07 INT-05

L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03 SP-02

SS-15 STR-01 TRSE-00 FRB-03 FEA-01 AGR-05 /082 W

----- 099429

R 191742Z FEB 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC 4512

INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 1202

E.O. 11652: GDS

TAGS: ENRG EINV EC

SUBJECT: NORTHWEST PIPELINE NEGOTIATIONS WITH CEPE

1. AFTER SEVERAL DAYS OF LONG NEGOTIATING SESSIONS, ONE OF THEM TWENTY-SEVEN HOURS IN DURATION, NORTHWEST PIPELINE EXECUTIVES DEPARTED QUITO ON FEBRUARY 18 WITH A SIGNED AGREEMENT. IT IS A PRELIMINARY ASSOCIATION CONTRACT AND WILL REQUIRE FURTHER TALKS BEFORE A FINAL CONTRACT IS APPROVED.

2. NORTHWEST PIPELINE PRESIDENT INDICATED TO EMBASSY THAT COMPANY WOULD PLAN TO CONSTRUCT 1500 TON PER DAY AMMONIA FERTILIZER PLANT AFTER ESTABLISHING THAT SUFFICIENT GAS RESERVES ARE AVAILABLE. PLANT WOULD BE 51 PERCENT CEPE-OWNED. \$150 MILLION WAS MENTIONED AS THE INVESTMENT REQUIRED. IF RESERVES JUSTIFY AN ADDITIONAL PROJECT THIS WILL BE AN LNG PLANT WITH OUTPUT TO BE MARKETING BY NORTHWEST PIPELINE.

3. ON THE ADA COMPENSATION QUESTION, NORTHWEST PIPELINE PRESIDENT DURING CALL ON AMBASSADOR FEBRUARY 14 SAID THAT VALUE OF ADA'S PREVIOUS INVESTMENT TO NORTHWEST PIPELINE LIES SIMPLY IN THE FACT THAT ADA PROVED THE EXISTENCE OF GAS IN GULF OF GUAYAQUIL. HE SAID THAT IN DEVELOPING THE FIELD IT WOULD BE ALMOST AS COSTLY  
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TO REOPEN THE ADA WELLS AS TO DRILL NEW ONES. HE WAS NOT MUCH

IMPRESSED BY ADA'S TECHNICAL DATA FROM WHAT HE HAD SEEN. FROM HIS PRIOR KNOWLEDGE OF ADA AND PREVIOUS DEALINGS WITH ADA HE SAID HE DID NOT EXPECT THE QUALITY TO BE VERY HIGH. HE SAID NORTHWEST PIPELINE THEREFORE IS NOT PREPARED TO PUT UP A LARGE SUM IN COMPENSATION FOR PRIOR ADA INVESTMENT. ITS DEALINGS ON THIS SUBJECT WILL BE WITH THE GOE IN ANY CASE AND NOT WITH ADA DIRECTLY. HE ADDED THAT THE RELATIVELY HIGH ROYALTY (18 PERCENT) OFFERED BY NORTHWEST PIPELINE AND THE 51 PERCENT GOE STAKE IN THE CONTEMPLATED AMMONIA PLANT ARE SUFFICIENTLY CONCESSIONARY THAT THE GOE CAN, IF IT WISHES, PAY A LARGER SUM TO ADA THAN NORTHWEST PIPELINE IS PREPARED TO PUT UP.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TREATY SIGNATURE, CONSTRUCTION, GAS RESERVES, NEGOTIATIONS, CONTRACTS, INDUSTRIAL PLANTS  
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**Copy:** SINGLE  
**Draft Date:** 19 FEB 1975  
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**Disposition Approved on Date:**  
**Disposition Authority:** GolinoFR  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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